

Set	Items	Description
S1	12	PERSONAL(W) PROFILE AND ROYALTY(W5) PAY?
S2	12	RD (unique items)
S3	1818	PROFILE AND ROYALTY(W5) PAY?
S4	1172	RD (unique items)
S5	33	S4 AND PROFILE(W3) INFORMATION
S6	1552813	ROYALTY OR LICENSE
S7	27777	USER(W) PROFILE OR CUSTOMER(W) PROFILE OR CONSUMER(W) PROFILE
S8	34387	USER(W) PROFILE OR CUSTOMER(W) PROFILE OR CONSUMER(W) PROFILE
		OR PERSONAL(W) PROFILE
S9	1796	S6 AND S8
S10	2250960	DATABANK OR DATABASE
S11	861	S9 AND S10
S12	671	RD (unique items)
S13	1	S12 AND PARTIAL(W) PROFILE
S14	251	S12 AND CONTRACT?
S15	15	SELL(W3) PROFILE(W3) INFORMATION
S16	6	RD (unique items)
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T S28/FULL/52

28/9/52 (Item 1 from file: 608)

DIALOG(R)File 608:KR/T Bus.News.

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06761904 (THIS IS THE FULLTEXT)

Some Internet Users Gladly Give Up Personal Data for Even a Small Price

Kristi Heim

San Jose Mercury News, Calif

March 20, 2000

DOCUMENT TYPE: NEWSPAPER RECORD TYPE: FULLTEXT LANGUAGE: ENGLISH

WORD COUNT: 1377

TEXT: By Kristi Heim, San Jose Mercury News, Calif.

Mar. 20--How many people would give an Internet marketing company intimate details about their lives -- the names and birth dates of their kids, how much money they save each month, their health concerns and even the license plate number and mileage on the family Honda?

The answer: about 11 million, in the case of just one company that has found a way to persuade Americans to trade their personal information for advice, cash or \$5 off the purchase of a new diet plan.

At a time when surveys show Web surfers are deeply worried about companies building huge databases about them, a growing number of online marketers have found they can collect the most revealing details about people simply by asking for them.

"Because the Internet is a more intimate media, it plays by different rules -- the first rule is permission," says Jim Nail, senior analyst with technology research firm Forrester. "If you want something from me, tell me why and what you're going to do with it. Show me a reason why giving up this information will improve my life."

That's what LifeMinders.com, WinWin.com, MoneyforMail.com and other companies in the growing "permission-based marketing" industry are trying to do.

Virginia-based LifeMinders raked in \$14 million last year minding other people's business. It sends personalized e-mail greetings reminding registered users of anniversaries, telling them when it's time to prune the roses, warning parents about a recall of their children's toys or a breakout of Lyme disease in their neighborhood.

That's a hook that has prompted 500,000 new members a week to sign up, "opt in" and volunteer dozens of pieces of personal information on questionnaires tailored to the topics that interest them.

Take Joan Schramm, 46, a performing arts center manager in Washington, D.C. -- one of several users whose names the company provided with their approval. She has used LifeMinders for a year and has no qualms about giving the company details about her income, savings, car, pets, recreation and travel.

The messages remind her to get her oil changed and how to prepare taxes and research stocks. She even received notices about two recalls on her 1999 Ford Explorer.

"I found I wasn't getting all kinds of weird stuff, so gradually I signed up for more," she said, adding that she's not too worried about her personal data being abused.

"People are out there scrounging trash cans finding information, too," Schramm said. "There's a point at which you would not want to make yourself crazy worrying about it."

But she draws the line when it comes to giving her data to another company. "I'd be seriously upset," she says. "They said they wouldn't do that."

Krista Linza, a 27-year-old sales representative from Virginia, says she relies on her daily LifeMinders notices for information on disciplining children, buying gifts, remembering to take vitamins and finding out what movies to see. "You don't have a lot of time to read anymore," she says. "I get a lot of interesting news and articles that make me a more well-rounded person."

She and the other 11 million LifeMinders users also get a lot of advertising.

The company makes its money by wrapping ads around the reminders. Companies that have signed up include Healthon/WebMD, PetSmart, Home Depot, Kimberly-Clark, Ralston Purina, Borders.com, eNutrition, Bank One, Providian Financial, InsWeb and onmoney.com.

All of these companies are eager to target their ads to the people most likely to buy. Dog owners, clearly, are more inclined to buy Purina Puppy Chow than someone who doesn't own a pet.

That same strategy is what's driving online advertising companies like DoubleClick, which track Web surfing patterns in an attempt to serve up more relevant ads. The big difference: DoubleClick collects information on surfing habits without the user knowing, and the company isn't offering the kind of special inducements that LifeMinders and others do for that kind of detailed data.

DoubleClick became embroiled in controversy when it planned to match Web surfing behavior with millions of names and addresses in an offline database. Bowing to pressure from privacy advocates and consumers, DoubleClick has since scrapped those plans.

But as LifeMinders has discovered, users don't necessarily mind giving up data as long as they have a say in how it's used. In a recent survey of 10,000 Internet users by Forrester, more than two-thirds said they're willing to provide personal information, but 90 percent said they want to control how that information is used after it's collected. Forrester projects the market for online advertising to grow from \$3.3 billion last year to \$33 billion by 2004.

LifeMinders does not send out e-mail to people who have not opted in, said President and CEO Stephen R. Chapin Jr. LifeMinders matches information users provide about themselves with their buying habits collected automatically when they click on ads in their personalized e-mail messages.

While the company says it doesn't share members' names and addresses with anyone, LifeMinders does give advertisers a direct channel into mailboxes. The company guarantees that each advertiser appears in millions of personalized messages each month. Advertisers can tell whether the message was opened, and get a breakdown of the readers' ages, genders and income levels.

Chapin, who started his career building a data warehouse for credit card companies, said he believes his company can maintain customer loyalty. "If I sold that data, all my trust would be gone," he said.

"Usage increases over time because we learn more about you," he said.

"Then we give you more of what you want."

Other companies seeking to capitalize on this kind of marketing include MoneyforMail.com, Cybergold and WinWin.com.

"People are perfectly happy to give out personal information as long as they get something back," says WinWin.com CEO Kieran Clifford. "Why would you let someone come and use your car as a taxi if they didn't even ask your permission or give you a share in the revenues from it?"

Consumer dissatisfaction with online ads is evident in declining click rates, he says.

Providing financial rewards to viewers is one way to make advertising more efficient, he says.

On the WinWin Web site, consumers fill out a personal profile and questionnaires related to their interests. They can then collect 20 percent of the value of the advertising they read. A banner ad costs the advertiser \$1, so the consumer who clicks on it gets 20 cents. If the consumer simply mouses over the ad, he gets 10 cents.

"The reward is just incidental," Clifford maintains, adding that the company filters out people visiting just for money by measuring the time they spend at the site.

"We make no secret of the fact that we use a cookie. It can actually make your experience better if it's used ethically."

Consumers can see what information is collected on them and change or delete their profiles anytime, as they can on the LifeMinders site.

Databases containing their names and addresses are on a separate computer

in a different location from the one on which their profiles are held.

"We're adamant that we won't get hacked, so we don't even trust a firewall," Clifford said.

Advertisers can see data on WinWin's Web site and zero in on their target customers. They can find out exactly how many people drink chardonnay and are fans of the Denver Broncos, for instance, Clifford says. They can then send banner ads to those specific customers.

Far from the depersonalized shopping experience of strip malls, Clifford says the wave of the future is creating an intimate experience connecting the business and consumer.

"Eventually, every business in America will be able to reach its target customer," he says.

To see more of the San Jose Mercury News, or to subscribe to the newspaper, go to <http://www.sjmercury.com>

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COMPANY NAMES: Bank One ; Borders ; Denver Broncos ; Eventually ; Home Depot ; Honda ; Kimberly Clark ; Knight Ridder/Tribune Business News ; LifeMinders ; PetSmart ; Providian Financial ; Ralston Purina ; San Jose Mercury News

DESCRIPTORS: Internet/Online

TICKER SYMBOLS: LFMN; F; HLTH; PETM; HD; KMB; RAL; BGP; ONE; PVN; DCLK
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